GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4080
ANSWERED ON:03.05.2007
CESS ON CRUDE OIL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has imposed cess on crude oil under section 15 of Oil Industry (Development) Act, 1974;

(b) if so, the aim and objectives thereof;

(c) the details of net cess amount accumulated so far;

(d) the extent to which the aims and objectives has so far been obtained from such cess; and

(e) the period upto which the Government proposes to continue the collection of such cess?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI DINSHA PATEL)

(a) Yes, Sir.

(b) The main objective of impost of the cess is to render financial and other assistance conducive for development of oil industry by way of:-

(i) prospecting for and exploration of mineral oil within India (including the continental shelf thereof) or outside India:

(ii) the establishment of facilities for production, handling, storage and transport of crude oil;

(iii) refining and marketing of petroleum and petroleum products;

(iv) the manufacture and marketing of petro-chemicals and fertilizers;

(v) scientific, technological and economic research which could be, directly or indirectly, useful to oil industry;

(vi) experimental or pilot studies in any field of oil industry;

(vii) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry.

(c) The Government has collected net cess of Rs.67600 crore approx. up to March 2007.

(d) Since its inception and up to 31.2.2007, the Oil Industry Development Board (OIDB) has given loan assistance of Rs.20980 crore approx. and Rs.1105 crore as grants, Royalty to the State Govts. and expenditure on various studies/ schemes/ programmes sponsored by Govt./ OIDB for the development of oil industry. In addition, OIDB has invested its funds in the equity of M/s Biecco Lawrie Ltd. to the tune of Rs. 17.58 crore. Recently a wholly owned subsidiary, Viz, Indian Strategic Petroleum Reserves Ltd. has also been set up under OIDB for construction of strategic crude oil storages at 3 locations with a total capacity 5 MMTPA.

(e) There is no proposal to discontinue the collection of cess.